October 10, 2013

Legal Information

Voice Logistics Group Terms of Service

Voice Logistics Group Terms of Service (Rev. January 1, 2013)

These Terms of Service constitute the agreement ("Agreement") between Voice Logistics Group Inc. ("we," "us" or "VLG") and the user ("you," "user" or "Customer") of VLG's enterprise and small business communications services ("Service"). This Agreement governs both the Service and any devices, such as an IP phone, IP Softphone, Analog Telephone Adapter or any other IP connection device, sold or otherwise furnished to You by VLG ("Device" or "Equipment"), and also applies to all lines on each VLG account.

1. EMERGENCY SERVICES – 911 DIALING

1.1 911 Dialing.

VLG 911 Dialing is different than traditional 911 service offered by traditional telecommunications carriers. Most of our customers have access to either basic 911 or Enhanced 911 (E911) service. With E911 service, when you dial 911, your telephone number and registered address are simultaneously sent to the local emergency center assigned to your location, and emergency operators have access to the information they need to send help and call you back if necessary. Customers in locations where the emergency center is not equipped to receive your telephone number and address have basic 911. With basic 911, the local emergency operator answering the call will not have your call back number or your exact location, so you must be prepared to give them this information. Until you give the operator your phone number, he/she may not be able to call you back or dispatch help if the call is not completed or is not forwarded, is dropped or disconnected, or if you are unable to speak. As additional local emergency centers become capable of receiving our customers' information, VLG will automatically upgrade customers with basic 911 to E911 service. VLG will not give you notice of the upgrade.

You authorize disclosure of your name and address to third-parties involved with providing 911 Dialing to you, including, without limitation, call routers, call centers and local emergency centers.

1.2 Notify All Users.

You should inform any employees, guests and other third persons who may be present at the physical location where you utilize the Service of the important differences in and limitations of VLG 911 Dialing as compared with basic 911 or E911.

1.3 Registration of Physical Location Required.

For each phone number that you use for the Service, you must register the physical location where you will be using the Service with that phone number. When you move the Device to another location, you must register your new location. If you do not register your new location, any call you make using the 911 Dialing feature may be sent to an emergency center near your old address. You will register your initial location of use when you subscribe to the Service. Thereafter, you may register a new location by following the instructions from the "911" registration link on your VLG web account dashboard features page, or until such feature is available, sending an email to support@getVLG.com. For purposes of the 911 Dialing feature, you may only register one location at a time for each phone line you use with the Service. Regardless of what address you register, emergency calls you make from these devices will be routed to the national emergency response center.

1.4 Confirmation of Activation Required.

Your 911 Dialing feature will not be activated for any phone line that you are using with the Service, unless and until you receive an email from us confirming that the 911 Dialing feature has been activated for that phone line.

1.5 Service Outages.

(a) Service Outages Due to Power Failure or Disruption. 911 Dialing does not function in the event of a power failure or disruption. If there is an interruption in the power supply, the Service, including 911 Dialing, will not function until power is restored. Following a power failure or disruption, you may need to reset or reconfigure the Device prior to utilizing the Service, including 911 Dialing.

(b) Service Outages Due to Internet Outage or Suspension or Disconnection of Broadband Service or ISP Service. Service outages or suspensions or disconnections of service by your broadband provider or ISP will prevent all Service, including 911 Dialing, from functioning.

(c) Service Outage Due to Disconnection of Your VLG Account. Service outages due to disconnection, suspension or termination of your account will prevent all Service, including 911 Dialing, from functioning.

(d) Service Outages Due to ISP or Broadband Provider Blocking of Ports or Other Acts. Your ISP or broadband provider or other third party may intentionally or inadvertently block the ports over which the Service is provided or otherwise impede the usage of the Service. In that event, provided that you alert us to this situation, we will attempt to work with you to resolve the issue. During the period that the

ports are being blocked or your Service is impeded, and unless and until the blocking or impediment is removed or the blocking or impediment is otherwise resolved, your Service, including the 911 Dialing feature, may not function. You acknowledge that VLG is not responsible or liable in any way for the blocking of ports by your ISP or broadband provider or any other impediment to your usage of the Service, and any loss of service, including 911 Dialing, which may result. In the event you lose Service as a result of blocking of ports or any other impediment to your usage of the Service, you will continue to be responsible for payment of the Service charges unless and until you disconnect the Service in accordance with this Agreement.

(e) Other Service Outages. If there is a Service outage for any reason, such outage will prevent all Service, including 911 Dialing, from functioning. Such outages may occur for a variety of reasons, including, but not limited to, those reasons described elsewhere in this Agreement.

1.6 Re-Activation Required if You Change Your Number or Add or Port New Numbers.

911 Dialing does not function if you change your phone number or if you add or port new phone numbers to your account, unless and until you successfully register your location of use for each changed, newly added or newly ported phone number.

1.7 Network Congestion; Reduced Speed for Routing or Answering 911 Dialing Calls.

There may be a greater possibility of network congestion, delays and/or reduced speed in the routing of a 911 Dialing call made utilizing the Service as compared to traditional 911 dialing over traditional public telephone networks, including where emergency calls are first routed through a national emergency center.

1.8 Disclaimer of Liability and Indemnification.

We do not have any control over whether, or the manner in which, calls using our 911 Dialing service are answered or addressed by any national or local emergency response center. We disclaim all responsibility for the conduct of local emergency response centers and the national emergency calling center. We rely on third parties to assist us in routing 911 Dialing calls to local emergency response centers and to a national emergency calling center. We disclaim any and all liability or responsibility in the event such third party data used to route calls is incorrect or yields an erroneous result. Neither VLG nor its officers, employees or agents may be held liable for any claim, damage, or loss, and you hereby waive any and all such claims or causes of action, arising from or relating to our 911 Dialing service unless such claims or causes of action arose from our gross negligence, recklessness or willful misconduct. You shall defend, indemnify, and hold harmless VLG, its officers, directors, employees, affiliates and agents and any other service provider who furnishes services to you in connection the Service, from any and all claims, losses, damages, fines, penalties, costs and expenses (including, without limitation, attorneys fees) by, or on behalf of, you or any third party relating to the absence,

failure or outage of the Service, including 911 Dialing, incorrectly routed 911 Dialing calls, and/or the inability of any user of the Service to be able to use 911 Dialing or access emergency service personnel.

1.9 Alternate 911 Arrangements.

If you are not comfortable with the limitations of the 911 Dialing service, you should consider having an alternate means of accessing traditional 911 or E911 services or disconnecting the Service. Customers that have a VoIP Gateway deployed and configured with one or more POTS lines will have 911 survivability in the event of a WAN outage at the site where the VoIP Gateway is deployed, and will be able to access emergency services from their VoIP handsets. The VoIP Gateway can also be configured to send ALL 911 calls over the POTS lines.

2. SERVICE

2.1 Term.

Service is offered on a Contract Term basis for a term that begins on the date that VLG activates your service, as specified in the applicable Quotation. The term of this Agreement shall automatically renew for new 24 month agreement if VLG does not receive written cancelation 60 days prior to end of contract.

2.2 Allowable Increase in Contracted Services.

As needed, Customer may increase the quantity of purchased services (e.g. for new users at an existing site, new sites/locations, etc) without requiring any adjustment to this contract by providing a minimum of 10 (ten) days written notice to Customer's VLG Account Manager.

2.3 Use of Service and Device.

If you subscribe to VLG's services, the Service and Device are provided to you for commercial use by your organization only. You shall not resell, lease, loan, rent, operate on a .service bureau. or similar basis or otherwise transfer the Service to another party without our prior written consent.

2.4 Prohibited Uses.

(a) Unlawful. You shall use the Service and the Device only for lawful purposes. We reserve the right to immediately disconnect your Service without notice, if, in our sole and absolute discretion, we determine that you have used the Service or the Device for an unlawful purpose. In the event of such disconnection, you will be responsible for the full month's charges to the end of the current term, including, without limitation, unbilled charges, plus a disconnection fee, if applicable, all of which will become immediately due and payable upon disconnection of your Service. If we believe that you have used the Service or the Device for an unlawful purpose, we may forward the relevant communication and other information, including your identity, to the appropriate authorities for investigation and prosecution. You hereby consent to our forwarding of any such communications and information to these authorities. In addition,

VLG may provide information in response to law enforcement requests, lawful government requests, subpoenas, court orders, etc., and you hereby consent to any such information disclosures.

(b) Inappropriate Conduct. You shall not use the Service or the Device in any way that is threatening, abusive, harassing, defamatory, libelous, deceptive, fraudulent, invasive of another's privacy, or any similar behavior. We reserve the right to immediately disconnect your Service without notice, if, in our sole and absolute discretion, we determine that you have used the Service or the Device in any of the aforementioned ways. In the event of such disconnection, you will be responsible for the full month's charges to the end of the current term, including, without limitation, unbilled charges, plus a disconnection fee, if applicable, all of which will become immediately due and payable upon disconnection of your Service. If we believe that you have used the Service or the Device in any of the aforementioned ways, we may forward the relevant communication and other information, including your identity, to the appropriate authorities for investigation and prosecution. You hereby consent to our forwarding of any such communications and information to these authorities. In addition, may will provide information in response to law enforcement requests, subpoenas, court orders, etc., and you hereby consent to any such information disclosures. Furthermore, VLG reserves all of its rights at law and equity to proceed against anyone who uses the Services illegally or improperly.

2.5 Use of Service and Device by Customers Outside the United States.

Although we encourage you to use of the Service to place calls to foreign countries from within the United States and to use the VLG Service as you travel, we do not presently offer or support the Service in any countries other than the United States. VLG Service is designed to work generally with unencumbered high-speed internet connections. However, if the high-speed internet connection you are using is outside the United States and/or your ISP places restrictions on the usage of VoIP services, Services may not be available or may be degraded or otherwise inoperable. VLG does not represent or warrant that use of the VLG Service by you is permitted by any other jurisdictions or by any or all the ISPs. You will be solely responsible for any violations of local laws and regulations or violations of ISP terms of service resulting from such use. We reserve the right to disconnect your Service immediately if we determine, in our sole and absolute discretion, that you have used the Service or the Device in violation of laws of jurisdictions outside the U.S.

2.6 Copyright; Trademark; Unauthorized Usage of Device; Firmware or Software.

(a) Copyright; Trademark. The Service and Device and any firmware or software used to provide the Service or provided to you in conjunction with providing the Service, or embedded in the Device, and all Services, information, documents and materials on our websites are protected by trademark, copyright or other intellectual property laws and international treaty provisions. All of our websites, corporate names, service marks, trademarks, trade names, logos and domain names (collectively "marks") are and will at all times remain our exclusive property. Nothing in this Agreement grants you the right or license to use any of our marks.

(b) Unauthorized Usage of Device; Firmware or Software. To the extent of any firmware or software embedded or installed on the Device, or otherwise provided to you in connection with the Service, you are granted a nontransferable, non-exclusive, revocable license to use such firmware or software in object code form only (without making any modification thereto) exclusively for use in connection with the Service provided by VLG, only during the term of this Agreement, and otherwise strictly in accordance with the terms and conditions of this Agreement. No further rights or licenses are granted to you or any third party, by implication, estoppel or otherwise, and VLG reserves any and all rights of ownership and use. You expressly agree that the Device is exclusively for use in connection with the Service and that we will not provide any passwords, codes or other information or assistance that would enable you to use the Device for any other purpose. We reserve the right to prohibit the use of any interface device that we have not provided to you. You hereby represent and warrant that you possess all required rights, including software and/or firmware licenses, to use any interface device that we have not provided to you. In
addition, you shall indemnify and hold us harmless against any and all liability arising out of your use of such interface device with the Service. You shall not reverse compile, disassemble or reverse engineer or otherwise attempt to derive the source code from the binary code of the firmware or software.

2.7 Tampering with the Device or Service.

You shall not change the electronic serial number or equipment identifier of the Device or perform a reset of the Device without our prior written consent. We reserve the right to disconnect your Service if we believe, in our sole and absolute discretion, that you have tampered with the Device. In the event of such disconnection, you will remain responsible for the full month's charges to the end of the current term, including, without limitation, unbilled charges, plus a disconnection fee, if applicable, all of which will immediately become due and payable. You shall not attempt to hack or otherwise disrupt the Service or make any use of the Service that is inconsistent with its intended purpose.

2.8 Theft of Service.

You shall not use the Service in a manner calculated to avoid VLG policies and procedures. You shall not obtain or use the Services in an improper manner. You shall notify us immediately, in writing or by calling our customer support line, if the Device is stolen or if you become aware at any time that your Service is being stolen, fraudulently used or otherwise being used in an unauthorized manner. When you call or write, you must provide your account number and a detailed description of the circumstances of the Device theft, fraudulent use or unauthorized use of Service. Failure to do so in a timely manner may result in the disconnection of your Service and additional charges to you. Until such time as we receive notice of the theft, fraudulent use or unauthorized use, you will be liable for all use of the Service using a Device stolen from you and any and all stolen, fraudulent or unauthorized use of the Service. VLG reserves all of its rights at law and equity to proceed against anyone who uses the Services illegally or improperly.

2.9 Number Transfer on Service Disconnection.

Upon the disconnection of your Service, we shall release to your new service provider all telephone numbers on your account if: such new service provider is able to accept such number; your account has been properly disconnected; and your account is completely current, including payment for all charges and applicable disconnection fees.

2.10 Service Distinctions.

The Service is not a telecommunications service and we provide it on a best efforts basis by reselling the communications services and facilities of third parties. Events and circumstances beyond our control may affect the quality or availability of the Service, such as power outages, fluctuations in demand for Services or fluctuations in demand for internet or communications services or facilities, equipment malfunctions and software errors and problems in your underlying broadband service. Other things may affect Service, such as maintenance and repair, scheduled downtime, etc. VLG will act in good faith to minimize disruptions to your use of and access to Service. Important distinctions exist between telecommunications service and the Service offering that we provide. The Service is subject to different regulatory treatment than telecommunications service. This treatment may limit or otherwise affect your rights of redress before regulatory agencies or under applicable laws, rules or regulations.

2.11 Ownership and Risk of Loss.

Unless you agree to rent or lease the Device in a separate written instrument with VLG, upon the later of payment in full of the set-up fees or equipment fees specified on the Signed Quote or delivery of the Device to you, VLG shall, and hereby does, sell, convey and transfer the Device to you .AS IS. and without warranty or representation of any kind or nature from VLG. However, VLG shall, and hereby does, to the extent assignable, assign or transfer to you all applicable manufacturer warranties on the Device. From and after the date of shipment of the Device to you, you shall bear all risk of loss of, theft of, casualty to or damage to the Device.

2.12 No 0+ or Operator Assisted Calling; May Not Support x11 Calling.

The Service does not support 0+ or operator assisted calling (including, without limitation, collect calls, third party billing calls, 900 or calling card calls). The Service may not support 311, 511 and/or other x11 (other than certain specified dialing such as 911 and 411, which are provided for elsewhere in this Agreement) services in one or more (or all) service areas.

2.13 Use, Storage, and Other Limitations.

VLG reserves the right to create and modify general policies and limits regarding the use of the Services (e.g. to limit the maximum concurrent utilization of PSTN connectivity and minutes, the maximum storage duration for content generated by the Service, the maximum number of emails or faxes transmitted, etc). VLG offers Service plans that are often described as allowing unlimited minutes of use. VLG reserves the right to review usage of all such unlimited plans to ensure “Fair Use”. We reserve the

right to, as we deem necessary, immediately terminate Customer's accounts without advance notice, or to take other action as necessary to ensure "Fair Use". "Fair Use" means that the combined number of outbound and inbound minutes (including fax receipt) does not substantially exceed the average use for other VLG unlimited plan Customers as measured on a per-user basis. In addition, such use shall not include certain activities including, but not limited to, any autodialing, continuous or extensive call forwarding, continuous connectivity, fax broadcast, fax blasting, telemarketing (including without limitation charitable or political solicitation or polling), call center operations, junk faxing, fax spamming, calling/faxing any person (through the use of distribution lists or otherwise) who has not given specific permission to be included in such a process or any other activity that would be inconsistent with reasonable business usage.

3. CHARGES; PAYMENTS; TAXES; DISCONNECTION

3.1 Billing.

When the Service is activated, you must provide us with a valid billing address. VLG will provide you with an account statement at the end of every month. You agree to pay the balance on the account as shown in the statement within thirty (30) days, without deduction or offset of any kind or nature. Delinquent amounts shall bear interest at the rate of twelve percent (12%) per annum from and after the original due date. Your bill will be computed based on your account service fee and your per-minute usage, as applicable, as described in the Signed Quote. 911 Fees – State and/or local governments may assess fees on VLG to pay for emergency services in your community. VLG bills and collects 911 fees from its customers and remits such fees to the appropriate authority. VLG is committed to supporting public safety services and resources in your State. At the time of this writing, VLG is no required to charge any 911 fees in addition to those which are already covered in the monthly service amount. However, VLG reserves the right to charge additional 911 fees as required by local, state, and federal ordinance.

3.2 Billing Disputes.

You must notify us in writing within ten (10) calendar days after the date of your account statement if you dispute any charges on that statement or you will be deemed to have accepted such statement and waived any right to contest such charges. All notices of disputed charges should be sent to:

Customer Care Billing Department
VLG Communications
billing@voicelogisticsgroup.com

3.3 Disconnection; Discontinuance of Service.

We reserve the right to suspend or discontinue your Service at any time in our sole and absolute discretion, without cause, after giving sixty (60) days notice. If we discontinue your Service without cause, you will only be responsible for charges accrued through the date of disconnection, including a pro-rated portion of the final month's charges and, if the effective date of discontinuation is within the first 12 months following activation of your Service, we will refund to you the fees you paid in the

purchase or lease of equipment and setup of the Service. In addition, if you breach any of the terms or conditions of this Agreement, we may terminate this Agreement or disconnect your Service following written notice of breach if you have not cured such breach within ten (10) days thereafter. If your Service is disconnected on account of your breach of any provision of this Agreement, you will be responsible for the full month's charges to the end of the current term, including, without limitation, unbilled charges, plus the disconnection fee, if applicable, all of which will immediately become due and payable. VLG will pursue collection for unpaid amounts on disconnected accounts and may report to credit bureaus.

3.4 Taxes.

State and local governments may assess taxes, surcharges and/or fees on your use of the Service or Device.. These charges may be a flat fee or a percentage of your charges and may change from time to time without notice. These charges are based on the rates applicable to the address you provided to us. You are responsible for all applicable federal, state, provincial, municipal, local or other governmental sales, use, excise, value-added, personal property, public utility or other taxes, fees or charges now in force or enacted in the future, that arise from or as a result of your subscription or use or payment for the Service or a Device. Such amounts are in addition to payment for the Service or Devices and will be billed to you as set forth in this Agreement. If you are exempt from payment of such taxes, you must provide us with an original certificate that satisfies applicable legal requirements attesting to tax-exempt status. Tax exemption will only apply from and after the date we receive such certificate.

3.5 Termination for Non-Appropriation of Funds.

Customer intends to remit all Contract Payments and other payments to VLG for the entire Contract term (.Contract Term.) outlined in the signed proposal document. In the case of annual or multi-year contracts, and in the event Customer is not granted an appropriation of funds at any time during the Contract Term for the Services subject to this Contract, or for services which are functionally similar to the Services, and operating funds are not otherwise available to Customer to pay the Contract charges and other payments due and to become due under this Contract, and there is no other legal procedure or available funds by or with which payment can be made to Contractor, and the non-appropriation did not result from an act or omission by Customer, Customer shall have the right to terminate this Contract on the last day of the fiscal period for which appropriations were received, without penalty or expense to Customer, except as to the portion of Contract charges for which funds shall have been appropriated and budgeted. At least thirty (30) days-prior to the end of Customer.s fiscal year, Customer.s chief executive officer (or legal counsel) shall certify in writing that (a) funds have not been appropriated for the fiscal period, (b) such non-appropriation did not result from any act or failure to act by Customer.

4. LIMITATION OF LIABILITY; INDEMNIFICATION; WARRANTIES

4.1 Limitation of Liability.

We will not be liable for any delay or failure to provide the Service, including 911 Dialing, at any time or from time to time, or any interruption or degradation of voice quality, including but not limited to any delay, failure, interruption or degradation of Service that arises from or is related to any of the following: an act or omission of an underlying carrier, service provider, vendor or other third party; equipment, network or facility failure; equipment, network or facility upgrade or modification; force majeure events such as (but not limited to) acts of God, acts of nature, strikes, fire, war, riot, acts of terrorism and government actions; equipment, network or facility shortage; equipment or facility relocation; service, equipment, network or facility failure caused by the loss of power to you; outage of, or blocking of ports by, your ISP or broadband service provider or other impediment to usage of the Service caused by any third party; any act or omission by you or any person using the Service or Device provided to you; or any other cause that is beyond our control, including, without limitation, a failure of or defect in any Device, the failure of an incoming or outgoing communication, the inability of communications (including, without limitation, 911 Dialing) to be connected or completed, or forwarded. Notwithstanding anything to the contrary in this Agreement, VLG.s aggregate liability under this Agreement shall not exceed the actual amount received by VLG on your account during the calendar month in which act, event or occurrence giving rise to such liability occurred. You acknowledge and agree that, but for such limitation of liability, VLG would not enter into this Agreement and you would not benefit from the pricing contained herein.

4.2 Disclaimer of Liability for Damages.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IN NO EVENT WILL VLG, ITS OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES OR AGENTS OR ANY OTHER SERVICE PROVIDER WHO FURNISHES SERVICES TO YOU IN CONNECTION THE SERVICE BE LIABLE FOR ANY DIRECT, INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, EXEMPLARY, COMPENSATORY, OR CONSEQUENTIAL DAMAGES, OR FOR ANY OTHER DAMAGES, INCLUDING BUT NOT LIMITED TO PERSONAL INJURY, WRONGFUL DEATH, PROPERTY DAMAGE, LOSS OF DATA, LOSS OF REVENUE OR PROFITS, OR DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE USE OR INABILITY TO USE THE SERVICE, INCLUDING INABILITY TO ACCESS EMERGENCY SERVICE PERSONNEL THROUGH THE 911 DIALING SERVICE OR TO OBTAIN EMERGENCY HELP. THE LIMITATIONS SET FORTH HEREIN APPLY TO CLAIMS FOUNDED IN BREACH OF CONTRACT, BREACH OF WARRANTY, PRODUCT LIABILITY, TORT AND ANY AND ALL OTHER THEORIES OF LIABILITY AND APPLY WHETHER OR NOT WE WERE INFORMED OF THE LIKELIHOOD OF ANY PARTICULAR TYPE OF DAMAGES.

4.3 Indemnification.

You shall defend, indemnify, and hold harmless VLG, its officers, directors, employees, affiliates and agents and any other service provider who furnishes services to you in connection with the Service, from any and all claims, losses, damages, fines, penalties, costs and expenses (including, without limitation, attorneys fees) arising from or related to (i) any breach of this Agreement by you or your agents or employees or (ii) the activation or use of the Service or Device by you or your agents or employees, or

any failure, delay or unavailability of the Services, unless such failure, delay or unavailability is caused by the gross negligence or reckless conduct of VLG.

4.4 No Warranties on Service or Device.

WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS OF THE SERVICE OR DEVICE FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT, WARRANTIES ARISING BY USAGE OF TRADE, COURSE OF DEALING OR COURSE OF PERFORMANCE OR ANY WARRANTY THAT THE SERVICE OR DEVICE WILL MEET CUSTOMER'S REQUIREMENTS. WITHOUT LIMITING THE FOREGOING, WE DO NOT WARRANT THAT THE SERVICE OR DEVICE WILL BE WITHOUT FAILURE, DELAY, INTERRUPTION, ERROR, DEGRADATION OF VOICE QUALITY OR LOSS OF CONTENT, DATA OR INFORMATION. NEITHER VLG NOR ITS OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES OR AGENTS, OR ANY OTHER SERVICE PROVIDER OR VENDOR WHO FURNISHES SERVICES DEVICES, OR PRODUCTS TO CUSTOMER IN CONNECTION WITH THE SERVICE, WILL BE LIABLE FOR UNAUTHORIZED ACCESS TO OUR OR YOUR TRANSMISSION FACILITIES OR PREMISES EQUIPMENT OR FOR UNAUTHORIZED ACCESS TO, OR ALTERATION, THEFT OR DESTRUCTION OF, CUSTOMER'S DATA FILES, PROGRAMS, PROCEDURES OR INFORMATION THROUGH ACCIDENT, FRAUDULENT MEANS OR DEVICES OR ANY OTHER METHOD, REGARDLESS OF WHETHER SUCH DAMAGE OCCURS AS A RESULT OF VLG'S OR ITS SERVICE PROVIDER'S OR VENDORS' NEGLIGENCE. STATEMENTS AND DESCRIPTIONS CONCERNING THE SERVICE OR DEVICE, IF ANY, BY VLG OR VLG'S AGENTS OR INSTALLERS ARE INFORMATIONAL AND ARE NOT GIVEN AS A WARRANTY OF ANY KIND.

4.5 No Third Party Beneficiaries.

Except as expressly set forth herein, no provision of this Agreement provides any person or entity not a party to this Agreement with any remedy, claim, liability, reimbursement, or cause of action or creates any other third party beneficiary rights.

4.6 Content.

You will be liable for any and all liability that may arise out of the content transmitted by you or to any person, whether authorized or unauthorized, using your Service or Device (each such person, a "User"). You shall assure that your and your User's use of the Service and content comply at all times with all applicable laws, regulations and written and electronic instructions for use. We reserve the right to disconnect or suspend your Services and remove your or your Users' content from the Service, if we determine, in our sole and absolute discretion, that such use or content does not conform with the requirements set forth in this Agreement or interferes with our ability to provide Services to you or others. Our action or inaction under this Section will not constitute any review or approval of your or Users' use or content.

5. MISCELLANEOUS

5.1 Governing Law.

The Agreement and the relationship between you and us is governed by the laws of the State of New Jersey without regard to its conflict of law provisions. To the extent court action is initiated to enforce an arbitration award or for any other reason consistent with Section 5.2, you shall submit to the personal and exclusive jurisdiction of the courts located within the State of New Jersey and waive any objection as to venue or inconvenient forum.

5.2 Mandatory Arbitration and No Jury Trial.

Any dispute or claim between you, any member of your household or any guest or employee of you and us arising out of or relating to the Service or Device will be resolved by arbitration before a single arbitrator administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. The arbitration will take place in New Jersey. The arbitrator's decision will follow the plain meaning of the relevant documents, and will be final and binding. Without limiting the foregoing, the parties agree that no arbitrator has the authority to: (i) award relief in excess of what this Agreement provides; or (ii) award punitive or exemplary damages. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. REGARDLESS OF ANY STATUTE OR LAW TO THE CONTRARY, ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR RELATED TO THE SERVICE MUST BE FILED WITHIN ONE (1) YEAR AFTER SUCH CLAIM OR CAUSE OF ACTION AROSE OR BE FOREVER BARRED. All claims shall be arbitrated individually. You shall not bring, or join any class action of any kind in court or in arbitration or seek to consolidate or bring previously consolidated claims in arbitration. THIS ARBITRATION PROVISION CONSTITUTES A WAIVER OF ANY RIGHT TO A JURY TRIAL AND AN AGREEMENT TO BE SUBJECT TO JURISDICTION IN, AND CONDUCT ARBITRAL PROCEEDINGS IN, NEW JERSEY.

5.3 No Waiver of Rights.

Any party's failure to exercise or enforce any right or provision of this Agreement will not constitute a waiver of such right or provision.

5.4 Entire Agreement.

This Agreement, including any future modifications as may occur within the terms of the Agreement, and the rates for Services found in the Signed Quote constitute the entire agreement between you and VLG and govern the use of the Service by you, guests and employees. This Agreement supersedes any prior agreements between you and VLG and any and all prior or contemporaneous statements, understandings, writings, commitments, or representations, whether written or verbal, concerning its subject matter. This Agreement supersedes any written terms provided to retail customers in connection with retail distribution, including, without limitation, any written terms enclosed within the packaging of the Device. This Agreement may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

5.5 Severability.

If any part of this Agreement is legally declared invalid or unenforceable, all other parts of this Agreement will remain valid and enforceable. Such invalidity or non-enforceability will not invalidate or render unenforceable any other portion of this Agreement.
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5.6 Survival.

Notwithstanding anything to the contrary in this Agreement, all provisions regarding limitation of liability, indemnification, payments or compensation to VLG of any kind or nature, portability of telephone number(s) after discontinuation of Service, disclaimers of warranties and all provisions in this Section 5 shall survive any termination or expiration of this Agreement.

5.7 Attorney Fees.

In the event VLG undertakes collection efforts against you by and through an attorney, or initiates an action or suit to enforce the terms of this Agreement, the prevailing party shall be entitled to the payment of reasonable attorneys. fees and costs, together with such other legal costs as may be authorized by law.

5.8 Notices.

All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given

(a) when delivered personally to the recipient,

(b) one (1) business day after being sent to the recipient by reputable overnight courier service (charges prepaid), (c) one (1) business day after being sent to the recipient by facsimile transmission or electronic mail, or (d) four (4) business days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to as follows: if to you, to the address, facsimile number, electronic mail address reflected on the Company books and records and, if to VLG, to the address or electronic mail address specified in Section 3.2. Any party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

5.9 Time Periods.

In computing any time period prescribed or allowed by this Agreement, the day of the act, event or default from which the designated period of time begins shall not be counted, but the last day of the period so computed shall be counted, unless it is a Saturday, Sunday or legal holiday, in which event the period runs until the end of the next day which is not a Saturday, Sunday or legal holiday. When the period of time is less than three (3) calendar days, intermediate Saturdays, Sundays or legal holidays

shall be excluded from the computation. If the specified time period is measured in business days, .business days. shall mean Monday . Friday, but excluding United States national banking holidays.

5.10 Assignment.

This Agreement may be assigned or transferred by VLG to any successor of all or substantially all of the assets of Provider or its assignee, following which you shall remit all charges or other compensation to such assignee. Except for the foregoing, this Agreement may not be assigned or transferred by either party without the express written consent of the other party hereto.

5.11 Customer References.

You hereby authorize VLG Communications, Inc. to publish, at its own discretion, your company name, logo, basic biographic information, and other written materials in reference to your utilization of VLG products and services.

6. FUTURE CHANGES TO THIS AGREEMENT

We may change the terms and conditions of this Agreement from time to time by providing not less than ten (10) days written notice to you. VLG will not implement changes in pricing within the specified term. VLG reserves the right to modify pricing outside the specified term, provided that changes in pricing shall require not less than thirty (30) days written notice. Such notice may be given by regular U.S. Mail (including in written notices accompanying your account statements), by facsimile, or by electronic mail to the last e-mail address for notices that you have provided to VLG.

7. PRIVACY

VLG Service utilizes, in whole or in part, the public Internet and third party networks to transmit voice and other communications. VLG is not liable for any lack of privacy which may be experienced with regard to the Service. IN WITNESS WHEREOF, this Agreement is executed as of the date set forth above.

VLG Free Phones Program Terms and Requirements

Voice Logistics Group Free Phones Program Terms and Requirements (Rev. February 14, 2012)

In addition to the existing VLG Terms of Service, Customer also agrees to the following conditions, adjustments, and terms to qualify for the Free VLG Phones promotion: VLG Communications, Inc.'s free and heavily discounted VoIP phones are available only to full-price end-users (i.e. no "Common Area Phones" allowed). Customer must activate a minimum of 25 full-price end-users in order to qualify for

this promotion. Contract Term begins on the day we activate your service (i.e. the day telephone numbers are ported or new telephone numbers are assigned). Customer has received certain benefits from VLG in exchange for any Contract Term greater than one month. If VLG terminates Customer services for nonpayment or other default before the end of the Contract Term, or if Customer terminates service for any reason other than Non-Appropriate of Funds (as described in Paragraph 3.5), Customer agree to pay VLG with respect to each Interconnect VoIP User activated on the account, in addition to all other amounts owed, an Early Termination Fee in the amount specified below ("Early Termination Fee"). The Early Termination Fee for each Interconnected VoIP User, will be $100. The Early Termination Fee is not a penalty, but rather a charge to compensate VLG for Customer's failure to satisfy the Contract Term on which rate plan is based. Customer be responsible for all applicable usage fees, prorated access charges, taxes, surcharges or other charges through the termination date.

At the discretion of VLG Communications, Inc., Customer may be required to "trade-in" their existing telephone system and handsets to participate in the VLG Free Phones promotion. In these cases, Customer may be required to package existing phone system and place on a pallet to be collected by VLG Communications, Inc.

Installation Contract

Voice Logistics Group Purchase and Installation Terms and Conditions (Rev. January 20, 2010)
PLEASE READ THIS DOCUMENT CAREFULLY! IT CONTAINS VERY IMPORTANT INFORMATION ABOUT YOUR RIGHTS AND OBLIGATIONS, AS WELL AS LIMITATIONS AND EXCLUSIONS THAT MAY APPLY TO YOU.

The terms and conditions of sale stated herein govern the undersigned customers (.Customer.) purchase of hardware, software and/or other products and services (.Item. or .Items.) from VLG Communications, Inc., a Delaware Corporation (.Provider.). By accepting delivery and/or installation of the Item(s) described on the invoice, Customer agrees to be bound by these terms and conditions.

THESE TERMS AND CONDITIONS SUPERSEDE ANY CONFLICTING TERM OR CONDITION UNLESS (i) CUSTOMER HAS SIGNED A SEPARATE FORMAL PURCHASE AGREEMENT WITH PROVIDER, IN WHICH CASE SUCH SEPARATE AGREEMENT WILL GOVERN; OR (ii) THE PARTIES AGREE IN WRITING THAT SEPARATE WRITTEN TERMS AND CONDITIONS WILL APPLY TO THE TRANSACTION.

These terms and conditions are subject to change without prior written notice at any time, at the sole discretion of Provider.

1. Other Documents.

These terms and conditions may NOT be altered, supplemented, or amended by the use of any other document(s). Any attempt to alter, supplement or amend this document or to place an order for Item(s) which is/are subject to additional or altered terms and conditions will be null and void, unless the parties otherwise agree in writing.

2. Payment Terms.

Terms of payment are within Provider's sole discretion, and unless otherwise agreed to by Provider, payment must be received prior to Provider's acceptance of an order. Payment for the Item(s) will be made by credit card, wire transfer, or some other prearranged payment method. Invoices are due and payable within the time period noted on the invoice, measured from the date of the invoice. Provider may invoice parts of an order separately. Orders are not binding upon Provider until accepted by Provider. Any quotations given by Provider will be valid for the period stated on the quotation. Interest will accrue on any unpaid balances due to Provider at a rate of 1.5% per month (or the maximum legal interest rate allowed by applicable law, if less) from and after the due date.

3. Order Cancellation.

Order cancellations must be received by Provider at billing@getVLG.com within 24 hours of the time that the original order was placed. Cancellations received after such time will result in a 30% restocking fee.

4. Shipping Charges & Taxes.

Prices do not include charges for shipping, handling, and applicable taxes. Such
additional charges will appear separately on the invoice. Provider is obligated to withhold sales tax for any products
delivered within the State of New Jersey. Unless Customer provides Provider with a valid tax exemption certificate applicable to the Item(s). ship-to location prior to Provider's order confirmation, Customer is responsible for all taxes associated with the order.

5. Title & Risk of Loss.

Title to the Item(s) passes from Provider to Customer on shipment from Provider's facility, provided that loss or damage that occurs during shipping by a carrier selected by Provider will be Provider's responsibility. If a damaged Item is received, please contact Voice Logistics Group within 15 days of receipt of your order by e-mailing billing@voicelogisticsgroup.com or calling 732-504-3423. You must retain the original packing materials. Loss or damage that occurs during shipping by a carrier selected by Customer is Customer's responsibility. The foregoing notwithstanding, title to all software will remain with the applicable licensor(s). No loss or damage will relieve Customer from its payment obligations.

6. Acceptance and Return Policies.

Customer must inspect the Item(s) upon delivery and must accept or reject the Item(s) no later than the close of business on the fifth (5th) full business day following delivery. Any Item(s) rejected after such time will be subject to a 30% restocking fee. Item(s) purchased directly from Provider by an enduser Customer may be returned by Customer within 30 days of the date of the invoice. Hardware must be received IN ORIGINAL PACKAGING, and a 30% restocking fee will apply. Customer will be responsible for paying shipping and necessary insurance fees when returning any Item(s) to Provider. Any set-up and/or configuration fees
charged in connection with the Item(s) will be refunded in full if the Item(s) is/are returned within this period.

7. Warranties.

Hardware purchased from Provider comes with a one (1) year limited warranty. Provider warrants that any Item(s), other than software, shall meet or exceed any specifications published by Provider or the manufacturer in the user manual delivered with the Item(s) and shall be free from defects in material or workmanship for a period of one (1) year from the time of tender of delivery. Provider.s sole obligation (and Customer.s sole remedy) under this limited warranty shall be for Provider to repair or replace the Item(s), with new or refurbished parts, free of charge, at Provider.s principal of business. This limited warranty specifically excludes shipping, freight and insurance charges, if any. With respect to all limited warranty claims, Customer shall request telephone, technical and troubleshooting support from Provider in accordance with Provider.s normal business
practices and, if and to the extent Provider is unable to resolve the problem and the problem appears to be a warranty claim hereunder, Provider will then instruct Customer regarding its warranty claim processing procedures. Such Warranty does not cover physical damage. The manufacturers. limited warranties, if any, applicable to Item(s) purchased from Provider are included in the documentation provided with the Item(s). Provider makes no express warranties except those stated in this section. Any such warranties will be effective, and Provider will be obligated to honor any such warranties, only upon Provider.s receipt of payment in full for the Item(s) to be warranted. Provider disclaims all other warranties, express or implied, including without limitation, implied warranties of merchantability, fitness for a particular purpose, lack of infringement of the rights of third parties or the compatibility or interoperability of the Item(s) or software with other personal property or accessories (other than devices sold or furnished hereunder) that Customer uses with or connects to the Item(s) or software. Any description
of the Item(s) contained on Provider.s website or promotional materials is for the sole purpose of identifying the Item(s) and any such description is not part of the basis of the bargain and does not constitute a warranty that the Item(s) will conform to the affirmation or promise. Provider reserves the right to modify its warranty at any time, at its sole discretion. All software is provided subject to any license agreements executed in connection therewith, and Provider does not warrant any software under

these terms and conditions. Warranties, if any, for software are contained in the End-User License Agreements, as defined below, that govern the software.s purchase and use.

8. License to Software.

All software, other than software owned, developed, controlled or licensed by any party other than Provider (.Third-Party Software.), provided to Customer is licensed subject to the terms set forth in any .click-wrap. license visually displayed upon installation or execution of the software (the .End-User License Agreement.). In the absence of any such End-User License Agreement for a particular software product, Provider grants upon delivery to or access by Customer, and Customer will accept, a non-exclusive license to use the software (other than Third-Party Software) solely in conjunction with the Item(s), subject to the following terms and conditions: (i) all title to, ownership of and all proprietary rights (including but not limited to patent rights, copyrights, trade secrets and other intellectual property rights) in and to the software, other than the limited rights expressly granted to Customer herein, will remain vested in Provider; (ii) Customer will not sell, transfer, assign, lease, loan, rent, sublicense, reproduce, duplicate, distribute or permit others to access the software or any rights under the software license granted hereunder; (iii) nothing contained in this Agreement obligates Provider to deliver software source code to Customer or any third party; (iv) Customer will not, and will not permit others to: copy, translate, modify, create derivative works from, reverse engineer, decompile, encumber or otherwise use the software; and (v) all appropriate copyright and other proprietary notices and legends will be retained on all software. With respect to Third-Party Software, Customer,s license and rights to use such Third-Party Software are subject to the terms and conditions of use specified by the owner, developer or manufacturer thereof.

9. Limitation of Liability.

Provider will have no liability beyond the remedies set forth herein, including any liability for Item(s) not being available for use or for lost or corrupted data or software. Provider will not be liable for lost profits, loss of business or other consequential, special, indirect or punitive damages, arising out of or related to (i) the use, possession or operation of the Item(s), or (ii) the conduct by Customer of its business and operations, or for any damages based on strict or absolute tort liability, negligence or other theory of liability even if advised of the possibility of such damages, or for any claim by any third party except as expressly provided herein. Notwithstanding anything to the contrary contained herein, Provider.s liability in connection with the sale or license of the Item(s), if any, to Customer or its employees, agents, customers or invitees, or any third party(ies), is hereby, expressly limited to the purchase price paid by Customer and received by Provider in connection with the specific Item(s) that are or were the proximate cause of any such liability.

10. Force Majeure.

Provider will not be liable for loss or damage caused by any delay or failure to perform its obligations under these terms and conditions caused by failure of any machine, system of authorization, data processing or communications system, transmission link, strikes, lockouts, riots, war, fire, acts of God, accidents, Purchase and Installation Terms and Conditions (rev. 2009-01-30) Page 3 of 3 material or transportation shortages, governmental restrictions or injunctions, or denial of import or export licenses, or compliance with any law, regulation or order, or due to any other circumstances or causes that have the effect of frustrating performance of these terms and conditions, or any other cause beyond the control of Provider.

11. Miscellaneous Provisions.

The section headings used herein are for convenience of reference only and do not form a part of these terms and conditions, and no construction or inference is to be derived therefrom. These terms and conditions may be modified only by a written instrument dated subsequent to the date hereof and signed by Customer and an authorized representative of Provider. If any provision or provisions of these terms and conditions are held to be invalid, illegal or unenforceable, such provision will be enforced to the fullest extent permitted by applicable law, and the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby. Provider's failure to insist on performance of any term or condition contained herein, or failure to exercise any of Provider's rights hereunder, will not constitute a waiver of any of Provider's rights or remedies hereunder. These terms and conditions will be exclusively governed by and construed in accordance with the laws of the State of New Jersey, excluding its conflicts of laws principles. Customer hereby irrevocably submits generally and unconditionally to the jurisdiction of any court located in the state of New Jersey, and Customer and Provider irrevocably waive any rights to a trial by jury in any action or proceeding related to or arising from these terms and conditions. In any action at law or equity to enforce or interpret the terms hereof, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

Equipment Rental Agreement

VLG Communications, Inc. Equipment Rental Agreement (Rev. October 30, 2012)

1. Maintenance.

The RENTER shall keep and maintain the rented equipment during the terms of the rental at his own cost and expense. He shall keep the equipment in a good state of repair, normal wear and tear excepted.

2. Lost or Damaged Equipment.

The RENTER shall pay the OWNER full compensation for replacement and/or repair of any equipment which is not returned because it is lost or stolen or any equipment which is damaged and in need of repair to put it into the same condition it was in at the time of rental, normal wear and tear excepted, or any equipment which is returned without original packaging, power supplies, original Ethernet cable, etc. The OWNER's invoice for replacement or repair is conclusive as to the amount RENTER shall pay under this paragraph for repair or replacement.

3. Replacements.

Notwithstanding the above, any equipment that fails due to manufacturer defect shall be replaced by OWNER at no charge for the duration of the rental period.

4. Removal.

The RENTER shall not remove the equipment from the address of the RENTER or the location shown herein as the place of use of the equipment without prior written approval of the OWNER. The RENTER shall inform the OWNER upon demand of the exact location of the equipment while it is in the RENTERS's possession.

5. Sub-Lease or Sale.

The RENTER shall not attempt to sub-lease or sell the rented equipment to any third party, regardless of payment status, without the express written permission of OWNER.

6. Expenses and Charges.

The equipment shall be delivered to RENTER and returned to OWNER at the RENTER's risk, cost and expense. If a periodic rental rate is charged by OWNER, rental charges are billed to the RENTER for each period or portions of the period from the time the equipment is delivered to RENTER until its return. If a term rental rate is charged by OWNER, rental charges are billed to the RENTER for the full term even if the equipment is returned before the end of the term. If the equipment is not returned during or at the end of the term, then the rental charges shall continue on a full term basis for any additional term or portion thereof until the equipment is returned.

7. Allowances.

No allowance will be made for any rented equipment or portion thereof which is claimed not to have been used. Acceptance of returned equipment by OWNER does not constitute a waiver of any of the rights OWNER has under the rental agreement.

8. Inspections.

The RENTER shall allow OWNER to enter RENTER's premises where the rented equipment is stored or used at all reasonable times to locate and inspect the state and condition of the rented equipment. If the RENTER is in default of any of the terms and conditions of this agreement, the OWNER, and his agents, at the RENTER's risk, cost and expense may at any reasonable time enter the RENTER's premises where the rented equipment is stored or used at any reasonable time and recover the rented equipment.

9. Encumberments.

The RENTER shall not pledge or encumber the rented equipment in any way. The OWNER may terminate this agreement immediately upon the failure of RENTER to make rental payments when due, or upon RENTER's filling for protection from creditors in any court of competent jurisdiction.

10. Warranties.

The OWNER makes no warranty of any kind regarding the rented equipment, except that OWNER shall replace the equipment with identical or similar equipment if the equipment fails to operate in accordance with the manufacturer.s specifications and operation instructions. Such replacement shall be made as soon as practicable after RENTER returns the non-conforming equipment.

11. Indemnification.

RENTER indemnifies and holds OWNER harmless for all injuries or damage of any kind for repossession and for all consequential and special damages for any claimed breach of warranty.

12. Legal Fees.

The RENTER shall pay all reasonable attorney and other fees, the expenses and costs incurred by OWNER in protection its rights under this rental agreement and for any action taken by OWNER to collect any amounts due to the OWNER under this rental agreement.

13. Acceptance.

These terms are accepted by the RENTER upon delivery of the terms to the RENTER or the agent or other representative of RENTER.

Call Recording Privacy Policies and Notices

Voice Logistics Group Call Recording Privacy Policies and Notices (Rev. January 1, 2013)

VLG Communications, Inc. provides the following information and notices in regards to the electronic recording of telephone communications. The information provided is restricted to general information in the public domain which pertains to the electronic recording of telephone conversations.
VLG Communications, Inc. is in no way dispensing legal advice, nor should any third parties contrue any information herein as a disclaimer of any rights. VLG Communications, Inc. also does confirm the accuracy of the information below. Any questions concerning the legal implications electronic recording of telephone communications should be directed to legal counsel unassociated with VLG Communications, Inc.

VLG Communications, Inc. is not liable for any lack of understanding or knowledge regarding the use of electronic recordings of telephone communications by any other party. It is the responsibility of the individual party to become fully acquainted with accurate legal information regarding use of these services. Warratines, notices, and other information is included below.

Both U.S. federal and state statutes govern the use of electronic, mechanical or other type of device recordings. The unlawful use of this type of equipment can lead to civil suit by the third parties, and can also incur criminal prosecution.

Call recording laws vary by state. Laws pertain to obtaining either single party (only you, the caller need to provide consent) or multi-party consent (all parties on the call need to provide consent) before a call can be recorded. If you are calling from or to a multi-party consent state, then the consent of all parties on the phone is required to record the call. If you are calling from and to a single party consent state, then additional consent is not required. The following links are provided as a guide on federal and state call recording laws but by no means is this information the ultimate source on the subject and is included for informational purposes only:

1.1 Consent

US Federal laws only require a single party to consent to recording a telephone conversation. However, individual states have laws that require multiple parties to a call to provide consent. Federal and many state laws do not protect recording of calls for criminal or tortuous purposes.

1.2 Federal Laws

The Federal Statute associated with electronic recording of telephone conversations is: Electronic Communications Privacy Act of 1986 (“ECPA”), 18 U.S.C.§§ 2510-2522.
There are two exceptions to the prohibition against call monitoring: 1) Consent of at least one party to the call; 2) Ordinary course of business exception. The ordinary course of business exception applies where the call recording concerns the legitimate operation of and during “ordinary course of business”.

http://uscode.house.gov/download/pls/18C119.txt
The Federal Communications Commission (FCC) (48 C.F.R. Sec. 64.501) requires at least one of the following measures be taken when recording an interstate phone call: 1) Both parties consent to the recording; or 2) The recording party must give verbal notification before recording; or 3) There must be a regular electronic beep tone during recording.

1.3 State Statutes

While the U.S. federal law only requires one-party consent, many states have drafted different statutes. In some states, all parties must give their consent or at least be notified that the call is about to be recorded (with necessary opt-out option: if you don't like them to record the call, you can ask them to stop recording). A 1950s Supreme Court case affirmed that the federal law does not supersede state authority/statutes unless the call or the tap crosses state lines – which is why each state has established their own laws.
States requiring single party notification: Alabama, Alaska, Arizona, Arkansas, Colorado, District Of Columbia, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Ohio, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, Wyoming

States requiring two (or multi-) party notification: California, Connecticut, Delaware, Florida, Maryland, Massachusetts, Michigan, Montana, New Hampshire, Nevada, Pennsylvania, Washington

Individual State laws can be found at http://www.rcfp.org

1.4 Business Telephone Exception

The "business telephone" exception, which generally allows monitoring of calls and taping over an extension phone which is both provided to a subscriber in the ordinary course of a telephone company's business and is being used by that subscriber in the ordinary course of its business. This provision generally permits businesses to monitor the conversations of their employees, including personal conversations. The federal statutes provide criminal penalties for unlawful interception of telephone conversations, including up to five years' imprisonment or a maximum of $10,000 in fines. They also allow for civil remedies, by which private parties are entitled to recover actual and punitive damages, together with fees and costs.

1.5 Evidentiary Issues

Individuals and businesses that make surreptitious recordings often do so with the expectation that the recordings will be useful as evidence. Such recordings are subject to significant barriers to use as evidence. First, if made in violation of either federal or state law, the recordings will almost certainly be inadmissible. Second, even if lawfully recorded, the tapes will be exempt from the hearsay rule and will not, in most jurisdictions, be usable for impeachment. Anyone contemplating an evidentiary use of surreptitious recordings should consult with an attorney prior to making the recording.

1.6 Different Jurisdictions

Federal law may apply when the conversation is between parties who are in different states, although it is unsettled whether a court will hold in a given case that federal law "pre-empts" state law, but either state may choose to enforce its own laws. Therefore it is better to err on the side of caution when recording an interstate telephone call.

1.7 FCC

The FCC's role in assisting consumers who believe their telephone conversations were unlawfully recorded is generally limited to ensuring that telephone companies enforce their tariff provisions regarding recording of telephone conversations. The only penalty that can be enforced by the local carrier is revocation of telephone service. (In the Matter of Use of Electronic recordings in Connection with Telephone Service.)

The FCC protects the privacy of telephone conversations by requiring notification before a electronic recording is used to record interstate or foreign telephone conversations. These types of conversations may not be recorded unless the use of a electronic recording is: Preceded by verbal or written consent of all parties to the telephone conversation; or Preceded by verbal notification which is recorded at the beginning, and as part of the call, by the recording party; or Accompanied by an automatic tone warning device, sometimes called a beep tone, which automatically produces a distinct signal that is repeated at regular intervals during the course of the telephone conversation when the electronic recording is in use. Also, no electronic recording may be used unless it can be physically connected to and disconnected from the telephone line or switched on and off.

1.8 References

FCC Consumer Information Bureau:
http://www.fcc.gov/cib/
Recording Telephone Conversations:
http://www.fcc.gov/Bureaus/Common_Carrier/Factsheets/record.html
Electronic Communications Privacy Act of 1986 ("ECPA"), 18 U.S.C. 2510-2522:
http://uscode.house.gov/download/pls/18C119.txt
The Reporters Committee for Freedom of the Press: A Practical Guide to Taping Phone Calls and In-Person Conversations:
http://www.rcfp.org/taping/
Interception And Divulgence Of Radio Communications:
http://www.fcc.gov/Bureaus/Common_Carrier/Factsheets/investigation.html
U.S. Department of Justice:
http://www.usdoj.gov/
USA Bulletin, September 1997 Vol. 45, No. 5, 6. Electronic Investigative Techniques I:
http://www.usdoj.gov/usao/eousa/foia_reading_room/usab4505.pdf
USA Bulletin, September 1997 Vol. 45, No. 5, 6. Electronic Investigative Techniques II:
http://www.usdoj.gov/usao/eousa/foia_reading_room/usab4506.pdf

Telephone Tape Recording Law. Ralph Thomas. National Association Of Investigative Specialists: http://www.pimall.com/nais/n.tel.tape.law.html